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Security Council Committee established pursuant to resolution 1718 (2006)

Note verbale dated 13 June 2017 from the Permanent Mission of Croatia to the United Nations addressed to the Chair of the Committee

The Permanent Mission of the Republic of Croatia to the United Nations presents its compliments to the Chair of the Security Council Committee established pursuant to resolution 1718 (2006) and has the honour to transmit herewith the report of the Republic of Croatia on the implementation of Security Council resolution 2321 (2016) concerning the Democratic People's Republic of Korea (see annex).

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Annex to the note verbale dated 13 June 2017 from the Permanent Mission of Croatia to the United Nations addressed to the Chair of the Committee

Report of Croatia on the implementation of Security Council resolution 2321 (2016)

The Republic of Croatia and the other States members of the European Union have jointly implemented the restrictive measures against the Democratic People's Republic of Korea imposed by the Security Council in its resolution 2321 (2016) by taking the following common measures:[1]

- Council Decision (CFSP) 2016/2217 of 8 December 2016, amending Decision (CFSP) 2016/849 concerning restrictive measures against the Democratic People's Republic of Korea, which implemented the designation of additional persons and entities (travel ban and asset freeze)
- Commission Implementing Regulation (EU) 2016/2215 of 8 December 2016, amending Council Regulation (EC) No. 329/2007 concerning restrictive measures against the Democratic People's Republic of Korea
- Council Decision (CFSP) 2017/345 of 27 February 2017, amending Decision (CFSP) 2016/849 concerning restrictive measures against the Democratic People's Republic of Korea

The Council decisions set out the commitment of the European Union to the implementation of all measures contained in Security Council resolution 2321 (2016) and provide the basis for specific accompanying measures taken by the European Union within the scope of the resolution, notably the following:

- Trade ban applied on nuclear- and/or missile-usable items listed in annex III to resolution 2321 (2016)
- Trade ban on items contained in the conventional arms dual-use list adopted by the sanctions Committee pursuant to paragraph 7 of resolution 2321 (2016)
- Ban on all leasing, chartering or provision of crew services to vessels or aircraft of the Democratic People's Republic of Korea
- Prohibition on registering vessels of the Democratic People's Republic of Korea using that country's flag and on owning, leasing, operating, providing vessel classification, certification or associated services or insuring a vessel flagged by the Democratic People's Republic of Korea
- Clarification that specialized teaching and training that could contribute to the proliferation-sensitive nuclear activities of the Democratic People's Republic of Korea or the development of nuclear weapons delivery systems can also include, but are not limited to, advanced materials science, advanced chemical engineering, advanced mechanical engineering, advanced electrical engineering and advanced industrial engineering
- Suspension of scientific and technical cooperation involving persons or groups who are officially sponsored by or represent the Democratic People's Republic of Korea, except in the case of medical exchanges. In the field of nuclear science and aerospace technology, exemptions can be granted by the sanctions Committee when it has determined, on a case-by-case basis, that the activity will not contribute to illegal activities. For other fields of technical

[1] All common measures are published in the *Official Journal of the European Union*.

cooperation, the State concerned can determine that the activity will not contribute to illegal activities and has to notify the sanctions Committee in advance

- Attribution to the sanctions Committee of the power to list vessels if it has information or reasonable grounds to believe that the vessels are involved in illegal activities, which includes the additional measures that could be imposed by the sanctions Committee in that connection
- Restriction on admission to the European Union of members of Government and officials of the Democratic People's Republic of Korea and members of that country's armed forces who are associated with illicit activities
- Limitation on the number of bank accounts at banks in the European Union to one per diplomatic mission and consular post of the Democratic People's Republic of Korea and one per accredited diplomat and consular officer of that country
- Prohibition of the Democratic People's Republic of Korea from using real property that it owns or leases for any purpose other than diplomatic or consular activities, as well as prohibition on leasing real property from the Democratic People's Republic of Korea that is situated outside the territory of that country
- Prohibition on providing insurance or reinsurance services to vessels owned, controlled or operated, including through illicit means, by the Democratic People's Republic of Korea
- Prohibition on procuring vessels and aircraft crewing services from the Democratic People's Republic of Korea
- Obligation to deregister any vessel that is owned, controlled or operated by the Democratic People's Republic of Korea, including a prohibition on registering any such vessel that has been deregistered by another member State
- Extension of export prohibitions: the establishment of a new regime for the export ban on coal, including a cap on exemptions relating to total exports to all States Members of the United Nations. The power to implement the cap is attributed to the sanctions Committee. The export ban is extended to include new items: statues, new helicopters and vessels, copper, nickel, silver and zinc
- Financial sector: imposition of an obligation to close existing representative offices, subsidiaries or bank accounts in the Democratic People's Republic of Korea within 90 days, unless approved by the sanctions Committee on the grounds that the accounts are required for the delivery of humanitarian assistance or the activities of diplomatic missions
- Prohibition of the provision of public and private financial support, including the granting of export credits, guarantees or insurance to nationals of the Democratic People's Republic of Korea involved in such trade
- Obligation to expel persons who are working on behalf or at the direction of a bank or financial institution of the Democratic People's Republic of Korea, unless the presence of the person is required for the fulfilment of a judicial process or exclusively for medical, safety or humanitarian purposes
- Obligation to seize and dispose of items (for example, by destroying them, rendering them inoperable or unusable, storing them or transferring them to a State other than the originating or destination State for disposal) the supply, sale, transfer or export of which is prohibited by Security Council resolutions 1718 (2006), 1874 (2009), 2087 (2013), 2094 (2013), 2270 (2016) or 2321

(2016) that are identified in inspections, in a manner that is not inconsistent with their obligations under applicable Council resolutions, including resolution 1540 (2004)

- The sanctions Committee may grant exemptions to the aforementioned prohibitions on a case-by-case basis, including when it has determined that an exemption may facilitate the work of international non-governmental organizations
- Council Regulation (EU) No. 2017/330 of 27 February 2017, amending Regulation (EC) No. 329/2007 concerning restrictive measures against the Democratic People's Republic of Korea, gives effect to the measures provided by Council Decision (CFSP) 2017/345 of 27 February 2017

The above-mentioned Council Regulations are binding in their entirety and directly applicable in all States members of the European Union.

The restrictive measures imposed by the corresponding Security Council resolutions are enforced in line with the commitments made under the Charter of the United Nations, as an international agreement, which is, further to articles 140 and 141 of the Constitution of the Republic of Croatia, considered part of the domestic legal order of the Republic of Croatia. Furthermore, the Republic of Croatia implements, enforces or removes international restrictive measures against countries, international organizations, territorial entities, movements and physical or legal persons in accordance with the Act on International Restrictive Measures (Official Gazette 139/2008, as amended by 41/2014).

With regard to the arms embargo, Croatia seeks to prevent any transfer to or from the Democratic People's Republic of Korea by nationals of that country of technical training, advice, services or assistance relating to the provision, manufacture, maintenance or use of nuclear-related, ballistic missile-related or other weapons of mass destruction-related items, materials, equipment, goods and technology.

Croatia does not have any form of technical cooperation with the Democratic People's Republic of Korea on launches using ballistic missile technology, including in connection with satellite launches or space launch vehicles. The same is true with respect to all arms and related materiel, including small arms and light weapons and their related material, as well as to financial transactions, technical training, advice, services or assistance relating to the provision, manufacture, maintenance or use of such arms and related materiel.

Croatia is not engaged in the hosting of trainers, advisers or other officials of the Democratic People's Republic of Korea for the purpose of military, paramilitary or police training.

With regard to asset freezes, the Croatian National Bank, which is the central bank, together with the Anti-Money Laundering Office, which is embedded in the Ministry of Finance, holds regular training for employees of banks, credit unions and other financial institutions who are directly involved in the implementation of restrictive measures in their daily work.

Furthermore, the Croatian National Bank publishes guidance for financial institutions on the implementation of Croatian legislation in the field of restrictive measures, money-laundering and the financing of terrorism. The Croatian National Bank monitors the implementation of the aforementioned legislation by financial institutions and, to date, it has not recorded any irregularities in relation to Croatian financial institutions with regard to enforcement of the restrictive measures legislation.

The Anti-Money Laundering Office is a national centre for collecting and analysing anti-money-laundering data and disseminating such data to the competent authorities. The Office informs all banks and other financial institutions in the Republic of Croatia on a regular basis about the publications of the Financial Action Task Force, including, for example the recommendations of the Task Force of 24 June 2016 regarding the Democratic People's Republic of Korea, in which, inter alia, it stated that it is necessary to apply all the targeted financial sanctions pursuant to the applicable Security Council resolutions concerning the Democratic People's Republic of Korea. During its supervisory activities, the Office did not find any violations of the provisions of resolution 2270 (2016).

The Croatian Financial Services Supervisory Agency is a supervisory body whose activities and competence cover the supervision of financial markets, financial services and entities providing those services. The Agency supervises business operations on stock exchanges and in regulated public markets, companies authorized to provide investment services and perform investment activities, investment firms and securities issuers, brokers and investment advisers, tied agents, the central clearing and depository company, insurance and reinsurance companies, insurance and reinsurance intermediaries, investment and pension fund management companies, pension insurance companies, investment and pension funds, the Central Register of Insured Persons, the Fund for Croatian Homeland War Veterans and Members of their Families, the Fund for Retired Persons and legal persons carrying out leasing and factoring operations unless they are provided by banks as part of their registered activities. During its supervisory activities, the Agency did not find any violations of the provisions of resolution 2270 (2016).

Concerning the travel ban, the Ministry of the Interior has included the individuals and entities listed in the annexes to resolution 2270 (2016) in the National Border Management Information System under the title, "Entry ban".

The Ministry of Foreign and European Affairs condemned the nuclear tests conducted by the Democratic People's Republic of Korea. The full text of the statement was published on 9 September 2016.